

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Johnson Rice & Company, L.L.C. (CRD #19524, New Orleans, Louisiana) and Edward Douglas Johnson Jr. (CRD #259293, Registered Principal, New Orleans, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$65,000, \$5,000 of which was jointly and severally with Johnson. Johnson was suspended from association with any FINRA member in a general securities principal (Series 24) capacity for 10 business days. Without admitting or denying the findings, the firm and Johnson consented to the described sanctions and to the entry of findings that the firm issued equity research reports where the front page did not identify the specific page(s) on which required disclosures appeared and the required-disclosures section was not prominently titled. The findings stated that the firm failed to adopt and implement written supervisory procedures reasonably designed to ensure that the firm and its employees comply with the provisions of NASD Rule 2711(g)(6), which mandates the pre-approval of all transactions of persons who oversee research analysts to the extent such transactions involve equity securities of companies covered by the research analysts they oversee. The findings also stated that the firm failed to preserve all communications in compliance with Section 17(a) of the Securities Exchange Act and SEC Rule 17a-4; the firm had a system in place for preserving electronic communications, but the system was not effective at preserving all electronic communications. The findings also included that the firm had no procedures requiring periodic retrospective reviews or “spot-checks” of the system to determine whether it was preserving communications in compliance with SEC Rule 17a-4. FINRA found that the firm, acting through Johnson, failed to adequately supervise two of its associated persons’ participation in hedge fund-related private securities transactions that the firm had authorized. FINRA also found that the firm, acting through Johnson, authorized the associated persons to each operate and manage his own hedge fund, but failed to adequately supervise their hedge-fund-related activities. In addition, FINRA determined that the firm, acting through Johnson, failed to establish and implement written supervisory procedures relating to supervision of private securities transactions that the firm approved.

The suspension in any general securities principal capacity was in effect from September 2, 2008, through September 15, 2008. (FINRA Case #2007007422001)

Reported for October 2008

FINRA has taken disciplinary actions against the following firms and individuals for violations of NASD rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

Firm and Individual Fined

WFG Investments, Inc. (CRD #22704, Dallas, Texas) and Wilson Henry Williams (CRD #834161, Registered Principal, Dallas, Texas) submitted a Letter of Acceptance, Waiver and consent in which the firm was censured and fined \$30,000, \$25,000 of which was jointly and severally with Williams. Without admitting or denying the findings, the firm and Williams consented to the described sanctions and to the entry of findings that the firm, acting through Williams, approved the publication of research reports that did not contain any disclosure regarding the risks associated with investing in the subject company. The findings stated that the firm, acting through Williams, failed to establish written supervisory procedures reasonably designed to achieve and monitor compliance with the requirements of NASD Rule 2711. The findings also stated that the firm failed to develop and implement an anti-money laundering (AML) program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act and implementing regulations. The findings also included that the firm's AML program was deficient, in that senior management had not approved the AML program in writing; its AML written procedures did not provide for on-going training of appropriate personnel; its written procedures did not provide for independent testing; its written procedures did not identify a specific individual as an AML compliance officer; its AML written procedures did not address recordkeeping requirements; and the firm had inadequate internal controls to detect an attempt to open or maintain correspondent accounts for foreign banks, or regarding freezing accounts and prohibiting transactions with persons suspected of terrorist activities and for filing relevant reports. **(FINRA Case #E062003014607)**

Firms Fined

Bernard L. Madoff Investment Securities LLC (CRD #2625, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report accurate trading information through the submission of electronic blue sheets in response to FINRA requests for such information. The findings stated that the firm failed to include the short sale indicator for electronic blue sheets records. **(FINRA Case #2005002508102)**

BGC Financial, L.P. fka Maxcor Financial, Inc. (CRD #19801, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$23,000 and required to revise its written supervisory procedures regarding Trade Reporting and Compliance Engine (TRACE) reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to TRACE transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 15 minutes of the execution time, and failed to report the correct trade execution time for the transactions to TRACE. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or NASD rules concerning TRACE reporting. **(FINRA Case #2006004664901)**

Bishop, Rosen & Co., Inc. (CRD #1248, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed short sale transactions and failed to report them to the over-the-counter (OTC) Reporting Facility with a short sale modifier, and failed to report to the OTC Reporting Facility the correct symbol indicating whether it executed transactions in reportable securities in a principal, “riskless” principal or agency capacity. The findings stated that the firm failed to report the correct symbol indicating whether it executed transactions in reportable securities in a principal or agency capacity to the NASD/NASDAQ Trade Reporting Facility (TRF). The findings also stated that the firm transmitted reports to the Order Audit Trail System (OATS) that contained inaccurate, incomplete or improperly formatted data. **(FINRA Case # 2006007535401)**

Crucible Capital Group, Inc. (CRD #133542, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to adequately ensure that its ledgers and other records accurately reflected all assets, liabilities and expenses. The findings stated that because of this conduct, its records, net capital computations and Financial Operational & Combined Uniform Single (FOCUS) reports were inaccurate. **(FINRA Case #2006006657801)**

Lehman Brothers, Inc. (CRD #7506, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$250,000 and required to revise its written supervisory procedures regarding compliance with SEC Rule 200(f) and NASD Rule 3370(b)(2). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its written plan of organization maintained to identify each aggregation unit, specify its trading objective(s) and support its independent identity failed to accurately describe a separate aggregation unit established for its risk management purposes. The findings stated that the firm failed to ensure that all traders in each aggregation unit pursued only the particular trading objective(s) or strategy (or strategies) of that aggregation unit and did not coordinate strategy (or strategies) with any other aggregation unit. The findings also stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations, including SEC Rule 200(f), according to which the firm should have maintained a written plan of organization that identified each aggregation unit, specified its trading objective(s), supported its independent identity and ensured that all traders in an aggregation unit pursued only the particular trading objective(s) of that aggregation unit. The findings also included that the firm’s failure to comply with these requirements affected the accuracy of the aggregation methodology used to support its trade-by-trade calculations of net position. FINRA found that the firm’s ability to ensure the accuracy of its trade reports as to whether a particular trade was long or short, and whether a particular short sale was prohibited, was impaired and that, in some instances, this impairment resulted in flawed calculations of net positions, which resulted in violations of NASD Rules 3350 (the short sale rule) and 6130, and SEC Rule 10a-1. FINRA also found that the firm accepted short sales in securities for its

proprietary account and customer short sale orders and, for each order, failed to annotate an affirmative determination that the firm would receive delivery of the security or that the firm could borrow the security or otherwise provide for delivery of the securities by settlement date. In addition, FINRA determined that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with NASD Rule 3370(b)(2). **(FINRA Case #2004100012901)**

Morgan Peabody, Inc. (CRD #38306, Sherman Oaks, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it held numerous seminars for senior citizens at which one registered representative used a script and slides, and the remaining were conducted by registered representatives using a script, that had not been committed to writing at the time the seminars were held. The findings stated that both the written and unwritten scripts contained statements that were unbalanced, exaggerated, misleading and otherwise failed to provide a sound basis for evaluating the facts in regard to the securities or types of securities, industries and services discussed. The findings also stated that the firm failed to file the written script with FINRA within 10 business days of first use, and failed to maintain, in a separate file, the written script, the name of the registered principal who approved it and the date that approval was given. **(FINRA Case #2007008415701)**

SMH Capital Inc. fka Smith Sanders Harris Inc. (CRD #20580, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted erroneous reports to the NASDAQ Market Center (NMC), in that it failed to report to the NMC the correct symbol indicating whether it executed transactions in reportable securities as principal, "riskless" principal or agent; canceled trades previously reported to the NMC; and reported an incorrect execution time to the NMC. The findings stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data, in that it submitted information in the wrong OATS reports, failed to submit reports when required and submitted incorrect information in reports. **(FINRA Case #2006005259601)**

Southwest Securities, Inc. (CRD #6220, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report corporate bond transactions to TRACE; transactions were reported to TRACE without the correct pricing information and transactions were reported as bunched transactions, which TRACE does not permit. The findings stated that the firm reflected its capacity as agent when, in fact, it had acted as principal on all customer confirmations for the transactions. The findings also stated that the firm failed to establish and maintain a system to supervise the reporting of TRACE-eligible securities and the disclosure of capacity on customer transactions. **(FINRA Case #2007007167701)**

SWS Financial Services (CRD #17587, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and implement a schedule to inspect its unregistered branch offices to ensure that all of its registered representatives were properly supervised. The findings stated that the firm failed to supervise the activities of a registered representative who made unsuitable investment recommendations, which resulted in losses of over \$54,000 in a customer's account, and failed to follow up on "red flags" indicating improper activity in the customer's account. The findings also stated that the firm failed to enforce its written supervisory procedures regarding following up on activity identified on its exception reports; failed to supervise certain of the firm's discretionary accounts; and failed to enforce its supervisory procedures regarding supervisory review and approval of "application-way" mutual fund transactions. The findings also included that the firm permitted individuals who did not hold the requisite securities licenses to act as the firm's principals, and the firm had inadequate procedures to ensure all of its principals were properly registered. FINRA found that the firm failed to retain required books and records. **(FINRA Case #E062005006701)**

Tradestation Securities, Inc. (CRD #39473, Plantation, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$70,000 and required to revise its written supervisory procedures regarding short sales and compliance with NASD Rules 3110(b)(1), 3350, 3360, 3370 and 6130(d)(6). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted customer short sale orders in securities and, for each order, failed to make/annotate an affirmative determination that the firm would receive delivery of the security on the customer's behalf, or that the firm could borrow the security on the customer's behalf for delivery by settlement date. The findings stated that the firm failed to report short interest positions to FINRA. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning short sales and compliance with NASD Rules 3110(b)(1), 3350, 3360, 3370 and 6130(d)(6). **(FINRA Case #2005000725101)**

U.S. Financial Investments, Inc. (CRD #120804, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it did not have an adequate email retention system to preserve emails that registered representatives sent or received. The findings stated that the firm's procedures did not provide for adequate follow up and review to ensure compliance. The findings also stated that the firm's procedures did not require retention of all emails relating to its business, emails were not properly maintained, and personal email accounts used for firm business were not preserved. **(FINRA Case #2007007288701)**

vFinance Investments, Inc. (CRD #44962, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$22,000 and required to pay \$1,814.68, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that, in transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings stated that the firm failed to provide written notification disclosing to its customers the correct commission and/or the reported price of the transactions. The findings also included that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data because it submitted the incorrect report type. **(FINRA Case #2006004547201)**

Individuals Barred or Suspended

Cameron Dante Beale (CRD #2575357, Registered Supervisor, Plano, Texas) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for one year. In light of Beale's bankruptcy discharge, no monetary sanction was imposed. Without admitting or denying the allegations, Beale consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information in a timely manner.

The suspension in any capacity is in effect from August 18, 2008, through August 17, 2009. **(FINRA Case #2007008203401)**

Delbert Foster Blount III (CRD #2991522, Registered Representative, Dandridge, Tennessee) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Blount deposited customer funds intended for investment into his personal account and converted and misused the funds for his own benefit. The findings stated that Blount created fictitious investments in the customers' accounts to mislead them into believing that their funds had been invested as directed, and created falsified online account statements purportedly showing their investments' status. The findings also stated that Blount failed to respond to FINRA requests for documents and information. **(FINRA Case #2006007525401)**

Seth Delos Botone (CRD #4703683, Registered Representative, N. Richland Hills, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Botone sold unregistered shares of stock on public customers' behalf. The findings also stated that Botone failed to take appropriate action to determine if the stock was registered pursuant to Section 5 of the Securities Act of 1933 or was exempt from registration. **(FINRA Case #2005000075704)**

Daniel Christopher Browne (CRD #2527695, Registered Principal, Carpinteria, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Browne consented to the described sanction and to the entry of findings that he converted a bank customer's funds to his own use and benefit, in that he directed a teller at the bank where he worked to close out a deceased customer's

accounts and issue cashier checks totaling \$78,194.43 to institutions to which he owed money, using the customer's funds to pay for and reduce his own debts. The findings stated that Browne admitted his conversion when confronted by bank authorities and returned the funds to the customer's accounts. **(FINRA Case #2008013377701)**

Michael P. Butcher (CRD #4744572, Registered Representative, Forty Fort, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Butcher's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Butcher consented to the described sanctions and to the entry of findings that he signed public customer names on documents without their authorization or consent. The findings stated that Butcher signed client names to otherwise accurate client profile forms and documents relating to authorized transactions.

The suspension in any capacity is in effect from August 18, 2008, through February 17, 2009. **(FINRA Case #2007010497401)**

Earl Robb Eastman (CRD #841188, Registered Representative, Rancho Santa Fe, California) and Robert Aaron Fink (CRD #2541029, Registered Representative, La Jolla, California) submitted Letters of Acceptance, Waiver and Consent in which each was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. The fines must be paid either immediately upon reassociation with a FINRA member firm following their respective suspensions, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Eastman and Fink consented to the described sanctions and to the entry of findings that they engaged in outside business activities, for compensation, and failed to provide their member firm with prompt written notice.

The suspensions in any capacity are in effect from September 15, 2008, through December 14, 2008. **(FINRA Cases #2006006441701/2006006441702)**

Michelle Renee Foster (CRD #4892514, Associated Person, Upper Marlboro, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Foster consented to the described sanction and to the entry of findings that she forged an insurance client's signature as the purported co-signer on a personal loan application and listed that person's social security number and other identifying information on the application. The findings stated that Foster submitted a copy of one of the client's pay statements with the application and took these actions without the client's authorization or consent. **(FINRA Case #2007011290801)**

Richard Lewis Goins (CRD #2148920, Registered Representative, Azle, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Goins consented to the described sanction and to the entry of findings that he assisted a public customer in transferring funds from an existing individual retirement account

(IRA) to a new IRA. The findings stated that after the account was established, a \$3,284.65 residual was forwarded to the customer who gave it to Goins. The findings stated that Goins instructed a bank employee to deposit \$1,684.65 of the proceeds into another bank customer's account and received the remaining balance of \$1,600 in cash, thereby misappropriating the funds. Goins received the remaining balance of \$1,600 in cash and misappropriated the funds. **(FINRA Case #2007010890201)**

Christopher Ronald Guenther (CRD #3047778, Registered Representative, Macedonia, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Guenther consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, and written approval from, his member firm. The findings stated that without a public customer's permission, Guenther transferred the customer from an existing fee-based account to a commission-based IRA and began making unauthorized trades in the account. The findings also stated that Guenther sold securities from the customer's other retirement accounts without authorization and transferred the funds into the commission-based account. The findings also included that Guenther made unauthorized trades in the accounts, causing the accounts to sustain trading losses of \$25,300 and to generate commission fees of \$34,220. FINRA found that Guenther, without regard to the customer's fee structure preferences, placed the customer into the commission-based account with a fee structure that could reasonably have been expected to result in a greater cost than the previous fee-based account. FINRA also found that Guenther sent the customer an email that his member firm did not review or approve from his own personal email address. In addition, FINRA determined that Guenther solicited and recommended a highly risky and speculative investment to a public customer that was inconsistent with the customer's investment objectives and financial situation. FINRA also found that Guenther made untrue statements during a FINRA on-the-record interview. **(FINRA Case #2007009414201)**

James R. Hart (CRD #4021177, Registered Representative, Hermitage, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hart consented to the described sanction and to the entry of findings that he recommended to public customers, and effected in their accounts, purchases of speculative securities without having reasonable grounds for believing that the recommendations were suitable for the customers. The findings stated that Hart failed to respond to FINRA requests for information. **(FINRA Case #2007009917601)**

Braden Scott Hill (CRD #2796421, Registered Principal, Rogers, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Hill consented to the described sanctions and to the entry of findings that he deposited \$3,200 into a public customer's bank account to compensate the customer for a loss incurred in the purchase of securities. The findings stated that Hill made the payment without informing his member firm and without the firm's approval.

The suspension in any capacity was in effect from September 2, 2008, through September 15, 2008. **(FINRA Case #2007010706601)**

John Foster Hoschouer (CRD #4690685, Registered Principal, Elk Ridge, Utah) and Andrew James Moleff (CRD #3042378, Registered Principal, Spanish Fork, Utah) submitted Letters of Acceptance, Waiver and Consent in which Hoschouer was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days, and Moleff was fined \$15,000 and suspended from association with any FINRA member in any capacity for four months. Hoschouer's and Moleff's fines must be paid either immediately upon reassociation with a FINRA member firm following their respective suspensions, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Hoschouer and Moleff consented to the described sanctions and to the entry of findings that they made false, exaggerated and misleading statements about Moleff's background at seminars for senior citizens concerning securities investments. The findings stated that Moleff made false, exaggerated, misleading and unwarranted statements in his presentation. The findings also stated that Moleff's discussion of certificates of deposit (CDs) and annuities omitted material information pertaining to the investment characteristics, risks and features of different options, thereby creating an incomplete comparison. The findings also included that during the seminars, Moleff included non-standardized return numbers for a mutual fund, yet omitted the standardized returns, contrary to SEC Rule 482(d)(3) requirements. FINRA found that Moleff distributed a booklet and gave a slide show presentation that a registered principal had not approved, and had not been filed with FINRA within 10 business days of first use or publication. FINRA also found that the slide presentation and booklet omitted material facts that caused them to be misleading and also contained exaggerated and unwarranted statements with respect to annuities.

Hoschouer's suspension in any capacity was in effect from September 15, 2008, through September 26, 2008. Moleff's suspension in any capacity is in effect from September 15, 2008, through January 14, 2009. **(FINRA Cases #2007008242801/2007008242802)**

Wilfred Junior Ignace (CRD #2807440, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Ignace's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ignace consented to the described sanctions and to the entry of findings that he failed to timely respond to FINRA requests for information.

The suspension in any capacity is in effect from September 15, 2008, through October 24, 2008. **(FINRA Case # 2006007017402)**

Matthew Samuel Kaplan (CRD #2714169, Registered Representative, New York, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kaplan converted and misappropriated funds from his member firm to his own use and benefit by using his firm-issued corporate credit card to charge personal expenses and falsifying his expense report to induce his member firm to pay for personal charges. The findings also stated that Kaplan intentionally submitted false expense reports to his member firm, disguising his personal expenses as legitimate business expenses, which caused his firm to have false books and records. **(FINRA Case #2007007758701)**

Sean Paul Kimble (CRD #4598087, Registered Representative, Indianapolis, Indiana) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kimble engaged in a check-kiting scheme in which he had an effective debit balance of at least \$1,752.90 in the account from which he wrote checks. The findings stated that Kimble failed to respond to FINRA requests for information. **(FINRA Case #2007007670001)**

Craig Gary Langweiler (CRD #841897, Registered Representative, Newtown, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Langweiler consented to the described sanctions and to the entry of findings that he borrowed \$40,000 from a public customer without his member firm's approval and contrary to his firm's written supervisory procedures prohibiting such loans.

The suspension in any capacity was in effect from September 15, 2008, through September 26, 2008. **(FINRA Case #2007010515001)**

David Willingham Lentz (CRD #4335856, Registered Representative, Charlotte, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Lentz consented to the described sanctions and to the entry of findings that he falsified public customers' signatures by cutting and pasting their signatures onto Explanation of Transaction forms without their authorization or knowledge, and placed the forms in the customer files until he received the signed forms. The findings stated that Lentz' firm discovered the falsified forms the following day.

The suspension in any capacity was in effect from September 2, 2008, through October 1, 2008. **(FINRA Case #2007010505801)**

Tara Moree Lewis (CRD #4446461, Registered Principal, Scottsdale, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$10,000 and barred from association with any FINRA member in any principal or supervisory capacity. The fine must be paid either immediately upon Lewis' reassociation with a FINRA member firm or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lewis consented to the described sanctions and to the entry of findings that she failed to

reasonably supervise administrative personnel in a branch office who had failed to obtain customer signatures on non-solicitation letters and altered previously executed non-solicitation letters (which the customers signed) by photocopying the letters and inserting a new date and/or new security. The findings stated that Lewis failed to recognize that this practice was improper and failed to prevent it. **(FINRA Case #2006004969701)**

Regina Kay Locke (CRD #2324166, Registered Representative, Houston, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Locke converted approximately \$40,000 from a public customer's IRA account by altering, falsifying and submitting to her member firm IRA distribution request forms to authorize distributions to be made on a one-time basis from the customer's account, without the customer's approval or authorization, that resulted in the distribution of funds to Locke or to a third party for Locke's benefit. The findings stated that, by altering, falsifying and submitting the forms to her firm, Locke caused her firm's books and records to be inaccurate. **(FINRA Case #2007009424701)**

Max Morehouse (CRD #5289368, Registered Representative, Huntington Station, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Morehouse made withdrawals totaling \$240 from a public customer's bank account using a temporary automatic teller machine (ATM) card he had linked to the account, and without the customer's knowledge or consent, converted the funds for his personal use. **(FINRA Case #2007010607601)**

Samuel Garth Nelson (CRD #4332702, Associated Person, Eagle, Idaho) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Nelson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Nelson consented to the described sanctions and to the entry of findings that he failed to disclose material information on his Uniform Application for Securities Industry Registration or Transfer (Form U4).

The suspension in any capacity is in effect from September 15, 2008, through December 14, 2008. **(FINRA Case #2007010813601)**

Steven William Olin (CRD #4529915, Registered Representative, Olmsted Falls, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Olin's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Olin consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U4.

The suspension in any capacity is in effect from September 15, 2008, through December 14, 2008. **(FINRA Case #2007007841301)**

Delfin Joaquin Paris III (CRD #4475097, Registered Representative, Chicago, Illinois) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Paris consented to the described sanction and to the entry of findings that he drafted a letter to a company that issued a variable annuity stating that a public customer had a checking account in good standing, as required by the company, in order to transfer \$70,000 from the annuity to the customer's checking account, and signed a non-registered bank officer's name to the letter without the officer's knowledge or consent. The findings stated that Paris submitted the letter to his member firm for processing without disclosing that he had signed the officer's name to the letter, and the firm processed the transaction, resulting in a \$70,000 transfer from the customer's variable annuity to his checking account. The findings also stated that Paris failed to timely respond to FINRA requests for information. **(FINRA Case #2006006997701)**

Ara Proudian (CRD #2488729, Registered Principal, New Rochelle, New York) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Proudian consented to the described sanction and to the entry of findings that he failed to ensure that his member firm complied with FINRA's Taping Rule by allowing registered representatives to use cellular telephones outside the office and office telephone lines that were known to be unrecorded to communicate with firm customers. The findings stated that Proudian provided false and misleading testimony in FINRA on-the-record interviews. **(FINRA Case #2006003684701)**

Norman Harley Russick II (CRD #1572116, Registered Representative, Holiday, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Russick's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Russick consented to the described sanctions and to the entry of findings that he borrowed \$1,000 from a public customer contrary to his member firm's procedures that prohibited the borrowing and lending of money between registered representatives and firm customers. The findings stated that Russick's firm did not know or otherwise approve the loan.

The suspension in any capacity was in effect from September 2, 2008, through September 15, 2008. **(FINRA Case #2006007108501)**

Jerrold Robin Sexton (CRD #2764371, Registered Representative, Escondido, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Sexton consented to the described sanctions and to the entry of findings that he borrowed \$30,000 from a public customer contrary to his member firm's written procedures that permitted loans if the loan fell within an enumerated category. The findings stated that Sexton's loan from the customer did not fall within one of the enumerated categories of permissible loans.

The suspension in any capacity was in effect from September 15, 2008, through October 10, 2008. **(FINRA Case #2007008542602)**

Robert Daniel Simenz (CRD #1394397, Registered Representative, Delaware, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Simenz consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information. **(FINRA Case #2006006317401)**

William Alan Sirls (CRD #2064752, Registered Supervisor, Grosse Isle, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sirls consented to the described sanction and to the entry of findings that he persuaded member firm employees and public customers to invest in Ponzi-type investments purportedly involving real estate and the firm's "busted trade" account, neither of which existed. The findings stated that Sirls failed to respond to FINRA requests for information. **(FINRA Case #2006006808701)**

Samuel Pedraza Solomon (CRD #705686, Registered Principal, Grapevine, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Solomon's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Solomon consented to the described sanctions and to the entry of findings that he acted in an unregistered capacity and permitted his member firm to operate without a registered Financial and Operations Principal (FINOP). The findings stated that Solomon permitted his firm to fail to maintain the required minimum net capital while conducting a securities business, to accurately calculate the firm's net capital and to maintain an accurate general ledger. The findings also stated that Solomon permitted his firm to file an inaccurate FOCUS report and, due to the material inaccuracy, falsely represent the firm's financial condition.

The suspension in any capacity is in effect from September 2, 2008, through December 1, 2008. **(FINRA Case #2007009202601)**

Michael Douglas Stebbins (CRD #4902881, Registered Principal, Scottsdale, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 15 business days. The fine must be paid either immediately upon Stebbins' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Stebbins consented to the described sanctions and to the entry of findings that, while associated with member firms, he held a financial interest in a brokerage account at another firm without giving prompt written notification to his member firms that he had such an account, and without notifying the other brokerage firm of his association with member firms.

The suspension in any capacity is in effect from October 6, 2008, through, October 24, 2008. **(FINRA Case #2006004969702)**

John Suk (CRD #4323210, Registered Representative, La Mirada, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Suk's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Suk consented to the described sanctions and to the entry of findings that he failed to timely respond to FINRA requests for information.

The suspension in any capacity is in effect from October 6, 2008, through April 5, 2009. **(FINRA Case #2007009118003)**

Jack Richard Wehmiller (CRD #501286, Registered Representative, Murrayville, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Wehmiller consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests to provide on-the-record testimony. **(FINRA Case #2007007321101)**

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Ivan Armas (CRD #4993347, Registered Representative, Houston, Texas) was named as a respondent in a FINRA complaint alleging that he received \$19,721.34 from insurance policyholders for payment of insurance premiums, and converted the funds to his own use and benefit. The complaint alleges that Armas failed to appear for FINRA on-the-record testimony. **(FINRA Case #2007010747201)**

Kenneth Stuart Nierenberg (CRD #1596132, Registered Principal, Central Valley, New York) was named as a respondent in a FINRA complaint alleging that, without the customers' authorization or consent, he converted elderly public customers' funds totaling \$92,469.22 for his own benefit. The complaint alleges that Nierenberg willfully failed to disclose material information on his Form U4. **(FINRA Case #2006006630101)**

Michael Slusher (CRD #5175006, Registered Representative, Rhinebeck, New York) was named as a respondent in a FINRA complaint alleging that, without the customer's authorization or consent, he transferred \$4,000 from a bank customer's account to the account he had opened in a fictitious customer's name, withdrew \$300 from that account and converted the proceeds to his own use and benefit. The complaint alleges that Slusher failed to respond to FINRA requests for information. **(FINRA Case #2007009836601)**

**irms Expelled for Failure to Pay Fines
and/or Costs Pursuant to NASD Rule 8320**

Legacy Trading Co., LLC
Edmond, Oklahoma
(August 12, 2008)

Nevwest Securities Corporation
Las Vegas, Nevada
(August 12, 2008)

**Firm Suspended for Failure to Supply
Financial Information**

(The date the suspension began is listed
after the entry. If the suspension has
been lifted, the date follows the
suspension date.)

Upstream Capital Partners, LP
Irving, Texas
(April 10, 2008 – August 26, 2008)

**Firm Suspended Pursuant to Rule 9555
for Failure to Meet Eligibility
Requirements**

New Vernon Securities, LLC
Parsippany, New Jersey
(August 18, 2008)

**Individuals Revoked for Failing to Pay
Fines and/or Costs Pursuant to NASD
Rule 8320**

Gregory Steven Azulphart
Portland, Oregon
(August 28, 2008)

David Ferst
Palatine, Illinois
(August 12, 2008)

Daniel Elmer Koffman
Charlevoix, Michigan
(August 28, 2008)

Linus Nkem Nwaigwe
Valley Stream, New York
(August 28, 2008)

Mark Gerard Ross Jr.
Scarsdale, New York
(August 12, 2008)

Dale Eugene Shields II
Middletown, Ohio
(August 28, 2008)

**Individuals Barred Pursuant to
NASD Rule 9552(h)**

(If the bar has been vacated, the
date follows the bar date.)

Anthony E. DeVito
Wellington, Ohio
(August 29, 2008)

Robert Rush Reynolds
Fairhope, Alabama
(August 11, 2008)

**Individuals Suspended Pursuant to
NASD Rule 9552(d)**

(The date the suspension began is listed
after the entry. If the suspension has
been lifted, the date follows the
suspension date.)

Stanley Virgil Brookins
Reynoldsburg, Ohio
(August 18, 2008)

Frederick Cahoon Bryant
Bay Village, Ohio
(August 18, 2008)

Bobby John Daugherty
Swannanoa, North Carolina
(August 14, 2008)

Stayka G. Doljeva
Glenview, Illinois
(August, 11, 2008)

John Vincent Gordy
Santa Monica, California
(August 11, 2008)

Craig M. Kamijima
Boca Raton, Florida
(August 18, 2008)

Louis Molinet
Braunefels, Texas
(August 11, 2008)

John Suk
La Mirada, California
(June 30, 2008 – August 5, 2008)

John William Yaeger
New Lenox, Illinois
(August 1, 2008)

**Individuals Suspended Pursuant to
NASD Rule Series 9554 for Failure to
Comply with an Arbitration Award or
Settlement Agreement**

(The date the suspension began is listed
after the entry. If the suspension has
been lifted, the date follows the
suspension date.)

Nicholas P. Bentivegna
Bethpage, New York
(June 27, 2008 – August 14, 2008)

Gary Randolph Compton
Urbanna, Virginia
(August 20, 2008)

Lynda Ann Findlay
Memphis, Tennessee
(March 10, 2008 – August 25, 2008)

Lewis Joseph Franklin III
Smithtown, New York
(August 7, 2008)

James William Garofalo Jr.
New York, New York
(November 9, 1998 – August 19, 2008)

William Joseph Hamilton
Miamisburg, Ohio
(August 20, 2008)

Michael Andre Jones
Topanga, California
(August 15, 2008)

Angela Marie Jordison
Terrebonne, Oregon
(August 20, 2008)

Derek Roy Kent
Franktown, Colorado
(August 20, 2008)

Brent Steven Lemons
Tyler, Texas
(August 7, 2008)

Frank Edward Mandrell
West Palm Beach, Florida
(August 7, 2008)

Laura Michelle Rowley
Houston, Texas
(August 7, 2008)

Chris Victor Suarez
Hollywood, Florida
(August 15, 2008)

FINRA Bars Two Registered Representatives for Insider Trading

The Financial Industry Regulatory Authority (FINRA) announced that two former registered representatives, Peter D. Kelly and Daniel K. Ivandjiiski, have been barred from the securities industry for insider trading.

"Insider trading is a top priority at FINRA because it seriously undermines the public's confidence in the fairness of the markets," said Thomas Gira, Executive Vice President of FINRA's Market Regulation Department. "The actions announced today underscore that FINRA has the resources, technical expertise and capabilities to detect and investigate insider trading across the U.S. markets."

In the first of two separate actions, FINRA barred Peter D. Kelly of Belle Meade, NJ, the former head of sales and trading in the loan syndication department of Calyon Securities (USA) Inc., for tipping three friends about a pending merger between Duratek, Inc. and EnergySolutions LLC. Specifically, on February 1, 2006—the same day that Kelly learned of a pending merger between Duratek and EnergySolutions LLC, and six days before the merger's public announcement—Kelly placed telephone calls to three friends. Following the calls from Kelly, two of these friends bought shares of Duratek before the merger's public announcement on February 7, 2006. The third friend did not purchase shares directly, but eight brokerage accounts held in the names of relatives and acquaintances of the third friend purchased Duratek shares before the merger's announcement. Combined illegal profits earned on the sale of Duratek shares in these accounts after the merger's announcement amounted to \$66,000.

FINRA found that Kelly breached his duty to his employer by failing to maintain the confidentiality of information about the merger. Kelly did not purchase Duratek shares personally and did not receive profits from the sale of Duratek shares by others. He was discharged by Calyon in October 2006.

In the second action, FINRA barred Daniel Ivandjiiski of New York, NY, for buying shares of Hawaiian Holdings, Inc, which owns Hawaiian Airlines, one day before Hawaiian Holdings publicly announced that it had reached an agreement with its creditors to increase Hawaiian Airlines' credit lines by \$91 million. Ivandjiiski previously had been employed at an investment banking firm working on the deal to increase the credit lines.

In May 2005, Ivandjiiski became employed by another firm, Miller Buckfire & Co. Nevertheless, before the financing deal for Hawaiian Holdings was announced, he obtained confidential documents that his former firm had prepared concerning the impending deal. On March 14, 2006, while in possession of that material, non-public information, Ivandjiiski bought 1000 shares of Hawaiian Holdings for \$4.75 a share. On March 15, when the new financing was publicly announced, the share price of Hawaiian Holdings increased 6%, to close at \$5.30. On March 21, 2006, Ivandjiiski sold his 1,000 shares of Hawaiian Holdings stock for \$5.53 per share, for a profit of \$780.

In settling these matters, neither Kelly nor Ivandjiiski admitted nor denied the charges, but consented to the entry of FINRA's findings.